

COMMITTEE ON FINANCE
(Standing Committee of Berkeley County Council)

Chairman: Mr. Steve M. Vaughn, District No. 5

Members: Mr. Milton Farley, District No. 1
Mrs. Judith K. Spooner, District No. 2
Mr. William E. Crosby, District No. 3
Mr. Charles E. Davis, District No. 4
Mrs. Judy C. Mims, District No. 6
Mr. Caldwell Pinckney, Jr. District No. 7
Mr. Henry L. Richardson, Jr., District No. 8
Mr. James H. Rozier, Jr., Supervisor, ex officio

The COMMITTEE ON FINANCE met on Monday, January 14, 2002, Berkeley County Office Building, 223 North Live Oak Drive, Moncks Corner, South Carolina, at 7:42 p.m.

PRESENT: Mr. Steve M. Vaughn, Councilmember District No. 5, Chairman; Mr. Milton Farley, Councilmember District No. 1; Mrs. Judith K. Spooner, District No. 2; Mr. William E. Crosby, Councilmember District No. 3; Mr. Charles E. Davis, Councilmember District No. 4; Mrs. Judy C. Mims, Councilmember District No. 6; Mr. Caldwell Pinckney, Jr., Councilmember District No. 7; Mr. Henry L. Richardson, Jr., Councilmember District No. 8; Mr. James H. Rozier, Jr., Supervisor, ex officio; Mr. D. Mark Stokes, County Attorney; and Ms. Barbara B. Austin, Clerk to County Council.

The requirements of the Freedom of Information Act have been complied with by posting the time, date, place and agenda of this meeting of Berkeley County Council at the entrance to the Berkeley County Office Building, 223 N. Live Oak Drive, Moncks Corner, South Carolina, and a copy of such notice was mailed to all Councilmembers, the News media, and interested citizens.

Chairman Vaughn called the meeting to order and asked the Committee's pleasure on the Approval of Minutes for Finance Meeting held on December 10, 2001.

It was moved by Councilmember Crosby and seconded by Councilmember Farley to approve the minutes for December 10, 2001. The motion passed by unanimous voice vote of the Committee.

Chairman Vaughn stated that Supervisor Rozier had a few items he would like to present to the Committee.

Supervisor Rozier stated that without objection he would like to address the following items:

There were four people who have been called to serve in the Armed Forces and we need to particularly replace those that were called from the Sheriff's Department. He stated he would

like to ask for authority to move forward in replacing those people and come back to Council with the figures on what it would cost. It would not be a significant amount; it would basically be insurance and retirement.

Supervisor Rozier stated there are two Councilmembers that were limited as to how much money they can earn by their Social Security; there has been a change and the amounts have been raised. He stated he would like to take \$376.49 from Contingency to raise Councilmember Farley's amount; and \$828.28 from Contingency to raise Councilmember Crosby's amount.

It was moved by Councilmember Spooner and seconded by Councilmember Pinckney to take \$1,204.77 from Contingency to raise the amounts for Councilmembers Crosby and Farley earnings. The motion passed by unanimous voice vote of the Committee.

Supervisor Rozier stated that as people resign or retire, we are looking at the possibilities of consolidating with other positions, or in some cases, not to hire at all. He stated one opportunity was to consolidate a position in the Planning & Zoning Department. A scheduler has left and they would like to combine that with another position, which would add \$5,000 to the position it is combined with. However, it would save \$21,154 to combine those two positions. He stated we are going to hire a Chief Building Inspector and \$9,016 needs to be added, benefits included. They would like to consolidate two positions in Public Buildings, which would save \$26,676.00. It saves a total of \$38,814 in next year's budget; and it saves the proportional amount for the balance of this year.

It was moved by Councilmember Crosby and seconded by Councilmember Spooner to approve consolidation of a position in the Planning & Zoning Department, which would add \$5,000 to the position it is combined with; also, hiring of a Chief Building Inspector and adding \$9,016 with benefits included. Also, consolidation of two positions in Public Buildings, which would save \$26,676.00. The motion passed by unanimous voice vote of the Committee.

Chairman Vaughn stated that next on the agenda was Calhoun Cooper, Finance Director, Re: Presentation of Audit.

Supervisor Rozier introduced Mr. Cooper and stated he was the new Finance Director. He stated Mr. Cooper spent nine years in Transylvania County, North Carolina, as Finance Director for the County's budget as well as the School District's. Five years prior to that, he served as Finance Director for Beaufort County. Mr. Cooper is a CPA and has a degree in Finance.

Mr. Cooper came forward and introduced Charlotte Allen of Bryan, Truesdale, Adkins & Williams and stated she would present an overview of the audit.

Councilmember Spooner asked that the record reflect that all members of Council received a copy of this Independent Audit as required by State law.

Ms. Allen expressed her gratitude to Council for allowing Bryan, Truesdale, Adkins & Williams to work with the County, and she would like to publicly thank all of the County employees involved in the audit for their cooperation and assistance.

Ms. Allen stated in the Committee's packet is a General Purpose Financial Statement of Berkeley County for the year ended June 30, 2001. The blue folder contains a copy of the management letters for the County as a whole, and for Berkeley Water and Sanitation Authority, which they audit separately. It also contains a copy of a letter addressed to the Finance Committee, which clarifies their responsibilities regarding the audit and other related matters required to be communicated to you by the American Institute of CPAs. She stated she had enclosed a copy of this summary because there was a request for that last year.

Ms. Allen stated the presentation she planned for this evening is extremely brief, since Council has not had a chance to look at the statements, but she would be glad to expand upon it at any point.

Supervisor Rozier indicated that Ms. Allen would be happy to come back on January 28 to answer additional questions if Council desires.

Ms. Allen stated the first page of the financial statement contains their report on the County's financial statements. They believe the financial statements fairly present the County's financial position at June 30, 2001 and the results of operations for the June 30, 2001 fiscal year. This is what they call a "clean" or "unqualified" opinion. Please note the fourth paragraph, which calls their attention to a change in accounting principles, mandated by the Governmental Accounting Standards Board, which is the first of several major changes that will affect the County in the next 2 or 3 years.

Supervisor Rozier asked was "unqualified" good? Ms. Allen stated it doesn't get any better than that.

Ms. Allen stated the part of the financial statement that probably interests them the most may be found on Page 8. Down close to the bottom of the page they will see that Council budgeted to spend 3.7 million dollars of the general fund's accumulated fund balance, or in other words, budgeted a 3.7 million dollar deficit for the year. The final result was a deficit of 1.9 million or a favorable variance of 1.8 million dollars.

Supervisor Rozier stated that when it is said, "we have budgeted a deficit, we don't actually budget deficits. That amount of money was budgeted by Council to be simply spent from the general fund, which was an excess from previous years." Ms. Allen stated in accounting terms, when they say, "budgeted a deficit" it means they have elected to spend more in expenditures for the year than they expect to collect during the current year. Supervisor Rozier stated it is good that there was a fund balance to do that from.

Supervisor Rozier stated Fund Balance is something accumulated during good times so that when difficult times arise there is some place to pull money from rather than run to the bank

and borrow like most counties do. He stated this County budgeted to spend \$3,765,000.00 from the Fund Balance. There was a hiring and spending freeze, and several other things we did during the year to save funds. Because we have great employees, we spent \$1,895,000.00 instead of \$3,765,000.00, which saved the taxpayers of this County \$1,870,000.00. Ms. Allen stated that was correct. Supervisor Rozier stated he was trying to get everyone to understand that this was an independent audit required by State law.

Ms. Allen stated this favorable variance was achieved almost entirely through cost containment measures that were implemented when it became evident that fee-in-lieu of tax revenues were not meeting projections. Supervisor Rozier stated we expected to have a fund balance at this point of \$4.8 million; however, we actually have a fund balance of \$6.3 million and he was real proud of that.

Ms. Allen stated that once again this year, total revenues are within one percent of budget, with increased collections in taxes and elsewhere making up for slow collections in the fees in lieu of taxes. The other major area of possible interest is on Page 10, which details the activity in the Proprietary funds, which encompass Cypress Gardens, the E911 fund and Berkeley County Water and Sanitation Authority. The major component of these is the Water and Sanitation Fund, which they audited separately earlier this year. There was income from operations of the proprietary funds of \$5.5 million, which is up from the prior year when the income from operations was \$4.6 million, which was before the County started paying interest on the debt. Ms. Allen stated she had not planned to spend time going through the other funds in any great detail. Combining statements for these funds are presented in the Supplementary Financial Information section, beginning on page 34.

Ms. Allen stated, beginning on page 54 are two Auditors reports, which they are required to issue on their evaluation of the County's internal control and compliance with laws and regulations in regards to the financial statements in general, and as they relate to administering federal funds in particular. There were no findings or questioned costs for the year 2001.

The management letter details some areas, which they feel to either be opportunities to increase efficiency or areas that need improvement. They have gone over these comments with the departments that are affected in some detail and discussed possible courses of action with them, and their responses are contained in the letter. Ms. Allen stated she would like to call to the Committee's attention a repeat finding relating to credit card use in the County, which possibly may need to be addressed by Council. Mr. Rozier has implemented policies to control use of credit cards by appointed or hired County employees, but there are still some credit cards being held by elected officials, and she believes that guidelines for their use should be laid out by Council.

Supervisor Rozier stated he follows the same regulations that he has implemented for the other three people that have credit cards. He stated that only four of his Staff members have credit cards; he has one, John Scarborough, Al Kennedy and John Hamer. From time to time they deal with companies that the County does not have an open account with and they do a credit card purchase. He stated they also purchase from State Surplus on a credit card.

However, there is a written policy that he and his staff follows. Supervisor Rozier stated he would like to have guidance from Council as to how they want to deal with the other folks that have credit cards. They are Elected Officials and he didn't know whether it was his job to make that determination. He stated the Clerk of Court, the Sheriff's Department and ROD have credit cards. Supervisor Rozier stated he was not sure that it was necessary for everyone to have credit cards because if someone needs to make reservations or buy airline tickets, they do it on his credit card.

Councilmember Spooner recommended that the three Elected Officials adhere to the policy that Supervisor Rozier has. Supervisor Rozier stated along with that recommendation he would like to suggest that they submit the reasons they need a credit card.

Ms. Allen stated they noticed that with credit cards people get in a hurry and use them for things that would ordinarily go through purchasing, would have a purchasing requisition, would be approved by the Procurement Department, and that step gets skipped. Over time it can broaden to where people are spending much more money than the Purchasing Department knows about. There are all kinds of guidelines in place as to how they need to spend County money, and just because they have a credit card doesn't mean that they can circumvent that. They should not be allowed to circumvent purchasing procedures by use of a credit card. She stated her concern is what are the issues with their taking credit in the County's name. Supervisor Rozier stated it is something they need to give consideration to. He asked Ms. Allen did she find any incidents of this type in the audit? Ms. Allen stated, no. She stated they spent a lot of time on this last year and had a number of recommendations. If they would look at last year's report as opposed to this year's, a lot of it was completely cleaned up. There were no areas where they found the policies were circumvented, no late charges, which had been a problem in the past. Supervisor Rozier stated that when we had late charges he had the person that accrued the late charge to write a personal check; the County does not pay late charges.

Councilmember Pinckney asked does the County currently have a specific policy addressing credit cards? Supervisor Rozier stated, not for Elected Officials. He stated there is a policy for him and the people that work for him. However, he is going to give the Elected Officials a copy of his policy and ask for comments. He stated County Council is the policy-making committee.

Councilmember Richardson asked were they saying that only Staff at this building should have credit cards? Ms. Allen stated there are some departments, for example, the Sheriff's Department, that travels with prisoners and would probably need a credit card but they should have guidelines on what they are allowed to charge. Councilmember Richardson asked does the departments have policies? Supervisor Rozier stated he didn't know. Ms. Allen stated she didn't know either but she was inclined to believe that there was not anything written. As an auditor, one of her concerns is the amount of money that you can get on a particular credit card. Do they really want Elected Officials to have a \$10,000 to \$30,000 credit card limit with the County's name on it? Councilmember Richardson stated Elected Officials are part of the County; "I can't imagine an Elected Official operating a department and not having a credit card." Ms. Allen stated, depending on the department, she was not sure what they would need it

for. You have a supplies inventory; all they have to do is send a requisition. That's what the County's Procurement Department is here for, which is to take that burden off and to make sure the County's money is spent in the most efficient and best way possible.

Supervisor Rozier stated, for the most part other employees need a credit card to guarantee rooms and to buy airlines ticket and these things could be done on his credit card. Councilmember Richardson asked would Elected Officials have to come to him to secure a room? Supervisor Rozier stated, "only if you say so." They won't come to him to secure a room; they would give us their information and the reservations would be made. He stated his secretary does that for all of the directors. Ms. Austin makes the registrations for County Council.

Ms. Allen stated she is not concerned about what happens when everything goes right, she is concerned about what the exposure is when things go wrong; and she was only pointing out the areas of vulnerability.

Councilmember Crosby stated he could see where in some instances it would be hard not to have a credit card. For example, the Sheriff's Department necessitates a credit card, but there are other departments that are in similar situations.

Ms. Allen stated that travel advances are very common. If you give someone \$400, there are guidelines on how you figure how much is supposed to be given in advance because the County has policies on what they would reimburse for meals. Supervisor Rozier stated the policy also is that if they take an advance and don't justify it, they won't get any more advances.

Councilmember Crosby stated it is very inconvenient for someone to call and make reservations or book a flight without a charge card. You have to wait until a check is sent and the confirmation comes back.

Councilmember Richardson stated he thinks it would be appropriate to limit the amount of credit cards within a department but to delete it. Ms. Allen stated she wouldn't have a problem with them limiting the amount of credit they could have on a card.

Councilmember Pinckney stated that while credit cards can be helpful, they could also be quite harmful, even when it comes to our personal credit cards. He stated he thinks that this is an area they really need to scrutinize because they are talking about taxpayers money. There is always that possibility of abuse and they need to be honest about that; "sometimes we need to cut up our own credit cards."

Councilmember Spooner stated that since they have not had any abuse and it seems to be working fine with the Elected Officials, the unwritten policy needs to be reduced to writing.

Supervisor suggested that Council decide what they want to do about credit cards with Elected Officials. If they don't limit the card and there is a \$30,000 to \$40,000 bill, "understand that we have a problem."

Ms. Allen stated that if anyone has any questions at this time she would be glad to attempt to answer them, or if they would like, they may schedule another appearance when they have had time to assimilate the contents of these documents. She stated she would encourage them to schedule another appearance because it would be useful for them to have some questions in their mind they would like for her to address. Ms. Allen stated they may feel free to call or email her with any questions.

Councilmember Crosby suggested they schedule another appearance with Ms. Allen because from the information of the letters that have been circulated and questions being asked, "apparently there are a lot of people up here that don't understand how the budget is being written, done, carried out or whatever." He stated that as an auditor, Ms. Allen would be able to go through the books, check and verify them.

Ms. Allen stated those areas she would be glad to address; however, she would like specific questions. Councilmember Crosby stated the people who have those questions should be asking her tonight. Councilmember Pinckney, stated, not necessarily because they just got the information. Councilmember Crosby stated the question is not about this audit. Councilmember Pinckney stated they had pretty much decided that they were going to have a budget workshop, which would alleviate some of the questions. Supervisor Rozier stated he would attempt to clear up some of those questions in just a moment. If not, Ms. Allen could come back to help clear them up on January 28.

Councilmember Pinckney stated he wanted to make himself clear so they could alleviate the innuendos. Initially, when he came on Council he told them that he didn't quite understand everything he needed to about the budget and had they sat down collectively, he could have gotten a better understanding. He stated he still feels the same way. So, it's not that anybody is personally taking a shot in the dark at anyone, "it's just trying to understand." Councilmember Pinckney stated he didn't want to be asking questions just to be asking questions; he wants to make sure that they are valid questions. How would you know what questions to ask if you know nothing about the subject matter itself?

Councilmember Spooner stated that for several years she chaired Finance and when she began she felt she needed to spend time with the auditing firm at that time. She stated she asked a lot of questions so that she would become familiar with the terminology; sometimes you don't know what to ask.

Councilmember Crosby stated the budget states there is a current budget for 2001 and an original budget for 2002. Do they understand which is which? Is there one budgeted or one being updated each time? Those types of questions are very easily asked. Councilmember Pinckney stated those questions are elementary. "I know the difference between the 2002 and the 2001 budgets as well as the 2001/2002 budget." As Councilmember Spooner referenced there are some terminology-----"Let me give you a case in point. When we looked at the last budget, there were some monies moved from one area to another, but just looking at it, I had no idea what had happened, but once I met with the Supervisor that was explained. So, I got that

understanding, but that was one on one.” There could be other Councilmembers who had the same thoughts but they didn’t meet with Supervisor Rozier. Just as it was good information for him it could have been good information for the entire Council. Councilmember Pinckney stated that when information is received, problems may be alleviated, but when information is not clear it would create problems.

Chairman Vaughn stated his suggestion was that if they have questions and it’s just a one on one--- you can get eight Councilmembers in there and ask that one question and they could spend a half day. If you end up with 10 questions it could take three days.

Councilmember Richardson stated it sounds like everybody wants to ask questions tonight; he may have questions but not tonight.

Chairman Vaughn asked was January 28 too early for Councilmembers to review the audit and make a list of their questions or would it be more appropriate for Ms. Allen to come back to the Finance Committee next month? The Committee agreed that would be fine.

Ms. Allen stated their procedure is they take the County’s original budget document, go through Council’s minutes, and make sure that what they present on the financial statement as the budget truly represents a budget that had been approved by Council; and that all changes to that budget have been approved by Council. Supervisor Rozier stated, “so in other words, if I had spent any money that this Council didn’t know about, you would point it out in the audit.” Ms. Allen stated, “If it was material.” She is not saying that she is not going to worry about \$3,000 here or there, but definitely anything over \$100,000 would be raising flags all over. In fact, they would say that they could not present this budget as is because it’s not what Council approved.

Supervisor Rozier read a paragraph from last year’s budget minutes stated by Ms. Allen on January 22, 2001 as follows: “other areas that may be of interest to Council in the area of expenditures, the fact that expenditures include approximately \$2,000,000.00 in unbudgeted capital outlay expenditures.” Supervisor Rozier stated that means it wasn’t budgeted when the budget was put together but it was spent later. He asked was that approved by Council? Ms. Allen stated that was in reference to lease purchases, which were approved by Council. Supervisor Rozier continued; “unbudgeted capital outlays expenditures, which were financed by the capital lease procedures enumerating other finance sources. There was \$971,000 of unbudgeted expenditures for the Mt. Holly Commerce Park, which were funded by draws from the Intergovernmental Loan from the South Carolina Public Service Authority (Santee Cooper), also under other financing sources.” Supervisor Rozier stated when you add the other transfers that took place during the year, the Supplemental Appropriations, etc. you come up with some of the numbers that have been misrepresented in some letters lately.

Chairman Vaughn asked was it feasible for any Councilmember to call the auditor if they had any questions? Ms. Allen stated they are a source of information for Council. She stated that if there were anything asked that was of significance to other people in the Council, they would probably call it to Council’s attention. However, she would certainly tell the individual

before she came to Council with it. Councilmember Richardson stated he was confused. If they were merely asking a question why would she have to come to Council? Ms. Allen stated she has responsibilities. Supervisor Rozier stated, "As an Independent Auditor, if she is going to stay independent, she can't become dependent to you." She needs to bring the information to whoever needs the information, that's part of being an Independent Auditor. Ms. Allen stated there is no Attorney-client or CPA privilege; there is no such thing. So, if someone brings something to her attention that's in illegality or irregularity she would have to tell Council about it. Councilmember Richardson stated he thinks they were in different mind set because their questions involve understanding and learning.

Ms. Allen stated they don't allow scope limitations; "you can't tell me I can't look somewhere—the minute you tell me that I'm going to go there immediately."

Supervisor Rozier along with Council agreed that Ms. Allen would come back on February 25 at 6:00 p.m. to answer any questions they might have.

Supervisor Rozier stated the information he previously read from last year's Finance Committee meeting was meant to show that the budget amount is not always the expended amount. He indicated to Councilmember Davis that he was particularly referring to his questions. Councilmember Davis stated he had asked a bunch of questions and in his letter they would see that everybody had answers. His letter stated that everybody thought it was some of what the Supervisor had been saying. Councilmember Davis stated, "All I wanted is an accounting in black and white. This thing is pretty complex and I've called Ms. Allen a dozen times and all I want to do is make it balance. Be accountable for the money that we've spent and I know throughout the year we handle business---we're all part timers. I was trying to read through the book and the one in 2000, and she has been helping me to make the numbers come out right."

Supervisor Rozier stated one of the first letters questioned the expenditures compared to what was budgeted. "The first figure noted by Mr. Davis was \$40,478,000.00. This figure is the budgeted amount of revenues Berkeley County expected to receive for all funds for FY 6/30/00." Supervisor Rozier indicated the following statement is from the Finance Department: "this figure may not include all grant amounts received in a sense that we do not always know that far in advance the exact amount of monies we will receive in grants; so, some of these amounts may not be budgeted. This figure may also vary depending upon collections and fluctuations of other County business that will affect revenue amounts. The second figure mentioned by Mr. Davis is \$43,524,000.00. This figure is not comparable to the first figure because it represents the actual expenditure amounts and at year-end it's documented by the audited Comprehensive Financial Report. It also only includes the amounts from the General and Special Revenue Funds. This figure is comprised of \$34,297,000.00 of General Fund expenditures and \$9,228,000.00 of Special Revenue Fund expenditures. To get a better comparison it would be best to pull both sets of figures from the same source; either the budgeted amounts or the amounts from the financial statements. For example, let's look at the actual amounts from the General Fund from the financial statements. FY ended June 30, 2000 the General Fund had revenues of \$29,945,000.00 and expenditures of \$34,297,000.00. There were net transfers out of the General

Fund of \$623,000. These amounts were to cover shortfalls and other funds. A difference of \$4,975,000.00 was covered by proceeds of capital lease obligations, \$2,262,000.00; proceeds from Intergovernmental Loan, \$971,000; and \$1,741,000 that was used of the fund balance.”

Supervisor Rozier asked Ms. Denise Altman, former Finance Manager pro tem, to come forward. He asked Ms. Altman that in reference to the information he previously read, would Council have approved all of those expenditures? Ms. Altman stated, yes. Supervisor Rozier asked would it have been practical for the budgeted amount to match the expended amount. Ms. Altman stated that was correct.

Supervisor Rozier asked Mr. Davis did that answer his question? Councilmember Davis asked were the books actually balanced on the \$43,524,000.00? Ms. Altman stated that was the number of the expenditures from the General and Special Revenue Funds. If they look overall at Governmental funds, you would not only have General Funds but also Special Revenue Funds, Enterprise and Debt Service. So, if they want to look at the total picture, they would need to include all of those numbers. Supervisor Rozier asked Ms. Altman to explain Special Funds. Ms. Altman stated Special Revenue Funds are funds where the money is restricted as to how you spend it. So, it has to be separated from General Fund monies so they could designate what those revenues are to be spent on.

Councilmember Crosby stated that when he received the letter he went back through the budgets and tried to come up with the numbers that Mr. Davis had in his memo. He wanted to help with some of the answers but he couldn't come up with the numbers. Councilmember Davis stated, “the \$43,000,000.00 came out of her audit from the year 2000.” Councilmember Crosby asked where did the \$2,200,000.00 come from? Councilmember Davis stated that was a rollover from Councilmember Crosby stated the only thing he found was that the \$2,200,000.00 was the exact number they allowed for the Mt. Holly Park. Councilmember Davis indicated, “As I stated we took \$2.2 million dollars out of the 2000 Budget and rolled it over into the 2001 Budget.” Supervisor Rozier stated “we’ve had a rollover every year.” He stated we have revenues from the 20 percent of land sales that comes to the County and the fee-in-lieu that comes in on the properties for the Santee Park.

Chairman Vaughn stated that under the agreement with Santee Cooper they had to pay the park off within a certain time. At the time the park was built it was estimated that the County would sell the land, we would get 20 percent of the proceeds and Alumax would get the other 80 percent.

Councilmember Crosby stated the 2001/2002 Budget says carryover from prior fiscal year, \$3,799,207.00. He stated he thought that was the year the memo referenced and that's not even close.

Supervisor Rozier asked what was the question about carry over?

Councilmember Davis: “I didn't have one.”

Supervisor Rozier: "Mr. Davis you're the one that brought it up."

Councilmember Davis: "It's what I've seen in the budget book we carried over, so we actually come up \$5,000,000.00 short. All I was doing was trying to find exactly where the \$5,000,000.00 went."

Supervisor Rozier: "No sir, we didn't come up a dollar short. The \$2,200,000.00, if that's the number, I don't have the budget in front of me, that's the amount that Council approved carrying over."

Supervisor Rozier asked Councilmember Davis if he agreed that we are accounted now? Councilmember Davis stated he knew that they were accounted but he doesn't understand it; and he gets a different answer from the people he has spoken with. He stated he had been talking with Ms. Allen regularly and they plan to have a meeting so that she would be able to show him exactly where the funds are.

Supervisor Rozier asked did he give the wrong answer to the carry-over? Ms. Allen stated Council approves carryovers. She stated that when you are looking at the original budget book, that carryover number could change because of Supplemental Appropriations. Councilmember Crosby stated when you look at the original budget for 2002, which carries over, it's only \$2,000,000.00.

Supervisor Rozier: "If you'll sift out the politics from this, we'll get to the real answers. I'm just a little fed up with the whole process at this point. If you have questions, let's get the auditors, get the questions answered; and anybody on Council, once you get the answers, for God's sake take the answer or either show us where we are wrong."

Chairman Vaughn asked the Auditor to explain Supplemental Appropriations. Ms. Allen stated different counties practice in different ways, but in Berkeley County, historically what has happened is probably around April or May you took a look at what has happened during the year compared to the expectations and make adjustments to the budget. If the revenues are coming in short you're going to be in big trouble if you keep on spending at the rate that you have been.

Chairman Vaughn stated, for example, tonight they voted to approve the funds for the Election Commission and they are getting ready to vote on the \$18,000 again, where is the money coming from; it's coming out of Contingency, unbudgeted money. So, if they spend every dollar as they are supposed to they would not need \$18,000 from Supplemental Appropriations. Ms. Allen stated that if it comes out of Contingency that money is already budgeted and it's not going to impact fund balance. Chairman Vaughn stated it comes out of Contingency because there is money there, but once they run out of Contingency it's over. Ms. Allen stated they would have to do a Supplemental Appropriations. Alternatively, if there is a revenue source, for example fee-in-lieu that came in \$2,000,000 over what was expected, they might want to make plans for that money rather than just let it sit there. Chairman Vaughn stated that's how they ended up with the \$10.4 million dollars in the beginning.

Supervisor Rozier stated they went from no fund balance to \$10.4 million dollars and now they are at \$6.3 million dollars of fund balance. He stated you put into fund balance in the good years and you take it out during the difficult years. Supervisor Rozier asked does that mean they have \$6.4 million dollars in cash sitting in the bank? Ms. Allen stated, probably not.

Ms. Allen stated that one of the things you have to plan for in fund balance is that if it gets really big, it would be an increased fund balance on the back of the tax payers. So, usually when you are budgeting to spend some of fund balance, you are opting to use money that was accumulated in past years rather than leave the millage rate the same or raise it. She stated it's a balancing act; sometimes it's perfectly reasonable not to say, good policy, to use some of the fund balance if it's getting too big. Supervisor Rozier stated it is also a good policy to use some of it instead of raising taxes. He stated that for two years in a row, taxes were reduced. Ms. Allen stated they wouldn't want to get the fund balance too low because some is needed for normal operations.

Supervisor Rozier continued that there still seems to be some concerns as to how much money was spent at Cypress Gardens. It's been estimated from a million or a million and half dollars for Cypress Gardens as a whole. He stated the negative retained earnings for five years is \$884,751, but \$575,000 of that is depreciation, which are not real dollars to us. Our actual negative retained earnings cash for 4½ years is \$309,366.00 at Cypress Gardens. Supervisor Rozier stated we have an asset that's worth \$2.6 million dollars for \$309,000, "do you want me to run your business"? He stated that is not a bad deal. Also, a wonderful educational facility had been created at Cypress Gardens and a protected treasure that most Berkeley County Citizens hold dear, but Council has the right to tell him what to do or not to do with the asset. He reiterated that the actual cash expenditures at Cypress Gardens less what was taken in is \$309,366 for four and a half years. Supervisor Rozier stated he has answered all of the questions he knows to answer and if there are any other questions, they could submit something in writing to him or he would be glad to meet with any Councilmember or any member of the public to discuss any of these numbers. He stated he was through discussing numbers that are mailed to the Press, "if you want to deal with me come deal with me, otherwise I'm finished with it."

Councilmember Spooner referenced the letter written by Councilmember Davis and stated there was a sentence that bothered her. It says, "I know that we are all confused about what those expenditures are." She stated that her problem is, at the top of the letterhead is her name and all of the members of County Council. When she sees a letter with her name on it and it says that they are all confused, the reader of the letter would assume that she participated and agreed with the letter, and "I do not." Councilmember Spooner stated she would ask Councilmember Davis or any Councilmember that if they want to do any correspondence of this type, they have stationary that simply says, "Berkeley County Council", without all of their names. If she is writing a letter of her opinion to someone and she feels she doesn't need to include members of Council she uses that particular stationary because it simply says Berkeley County Council.

Supervisor Rozier indicated that Councilmember Davis called the Comptroller General's Office and asked that they stop sending State Aid Subdivision money to Berkeley County until

they did an audit of Berkeley County. "I think that's reckless for you to do things like that." Councilmember Davis stated he didn't tell them to quit sending money to Berkeley County.

Chairman Vaughn stated that next on the agenda was REPORTS FROM STANDING COMMITTEES:

COMMITTEE ON COMMUNITY SERVICES, Councilmember Judy C. Mims, Chairman.

Councilmember Mims stated the Committee met earlier tonight and there was a request for additional funds for the Registration and Elections Department.

It was moved by Councilmember Mims, as Chairman of the Committee on Community Services, to accept the Committee's recommendation for funding in the amount of \$18,478.00 to come from Contingency. (No Second Required) The motion passed by unanimous voice vote of the Committee.

It was moved by Councilmember Crosby and seconded by Councilmember Richardson to adjourn. The motion passed by unanimous voice vote of the Committee.

The Meeting adjourned at 8:40 p.m.

February 25, 2002
Date Approved

COMMITTEE ON FINANCE
(Standing Committee of Berkeley County Council)

Chairman: Mr. Steve M. Vaughn, District No. 5

Members: Mr. Milton Farley, District No. 1
Mrs. Judith K. Spooner, District No. 2
Mr. William E. Crosby, District No. 3
Mr. Charles E. Davis, District No. 4
Mrs. Judy C. Mims, District No. 6
Mr. Caldwell Pinckney, Jr., District No. 7
Mr. Henry L. Richardson, Jr., District No. 8
Mr. James H. Rozier, Jr., Supervisor, ex officio

A Meeting of the COMMITTEE ON FINANCE, Standing Committee of Berkeley County Council, will be held on Monday January 14, 2002, in the Assembly Room, Berkeley County Office Building, 223 North Live Oak Drive, Moncks Corner, South Carolina, following the meeting of the Committee on Land Use, Committee on Public Works and Purchasing, Committee on Water and Sanitation, Committee on Human Services, and the Committee on Justice and Public Safety, at 6:00 p.m.

AGENDA

APPROVAL OF MINUTES:

Committee on Finance

December 10, 2001

- A. Calvin Cooper, Finance Director, Re: Presentation of Audit.
- B. REPORTS FROM STANDING COMMITTEES:
 - 1. Committee on Community Services
Council Member Judy C. Mims, Chairman
 - a. Additional funds for Registration and Elections Dept.

S/Barbara B. Austin
Clerk to Council